

*The following amendments to the By-Laws and Articles of Incorporation for Monhegan Associates have been approved by the Trustees and by our lawyer Barbara Wheaton. Please read them carefully and let us know of any concerns you may have about any of the language between now and 15 May, when we will prepare the ballot to be sent to voting members.*

## **The Proposed Changes to the By-laws/Articles of Incorporation**

### **I. The first clarifies our mission or “statement of purpose.”**

Current language in the Articles of Incorporation, #2:

*The purposes of said corporation are:*

We need to replace this with:

*Monhegan Associates, Inc. is organized exclusively for charitable, educational and scientific purposes defined under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, as follows:*

and that would be followed with the full list of preserving for posterity, etc. as it now stands.

### **II. The second is a clearer statement that Trustees mustn't get improper compensation.**

Current language in By-Laws, Article IV, #7:

**Compensation:** *No Trustee shall receive any pay for acting as such, but this provision shall not prevent a Trustee from receiving fair compensation for services actually rendered in some other capacity.*

We need to replace this with:

**Compensation:** *No part of the net earnings of the corporation shall be used to benefit any member, director or officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation in carrying out one or more of its purposes), and no member, director or officer of the corporation, or any private individual,<sup>2</sup> shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation.*

**III. Finally, we must clarify what should happen to our assets should we be forced to dissolve.** Our language regarding this is not clear and could cause problems in the unlikely event that we should ever have to dissolve, whether or not we are recognized as a non-profit by the government.

Current Language in the by-laws (last paragraph, Article VI, #2):

*...provided, however, that in the event of dissolution, the net assets of this corporation shall be distributed for such one or more exempt purposes and in such a way as the Board of Trustees shall consider will best perpetuate the corporation's objectives, and providing that no member shall derive personal profit from such dissolution.*

The following clarification would fit the guidelines that our lawyer, Barbara Wheaton sent us:

*In the event of dissolution, the net assets of this corporation shall be distributed in such way as the Board of Trustees shall consider will best perpetuate the corporation's purposes as stated in the Certificate of Organization, including the preservation for posterity of Monhegan's "wild lands" and its "simple friendly way of life," within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.*

[Note: The IRS tax code allows for distribution to “federal, state, or local governments.” Given that the likelihood that MAI would not dissolve within the next century, and that we don't know what the world will be like in any circumstances that would force our dissolution, I think that definition in general rather than specific terms is warranted. - cd]